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TRÉSOR-ECONOMICS

Inequalities, poverty and social mobility in the United States: a major economic and social issue

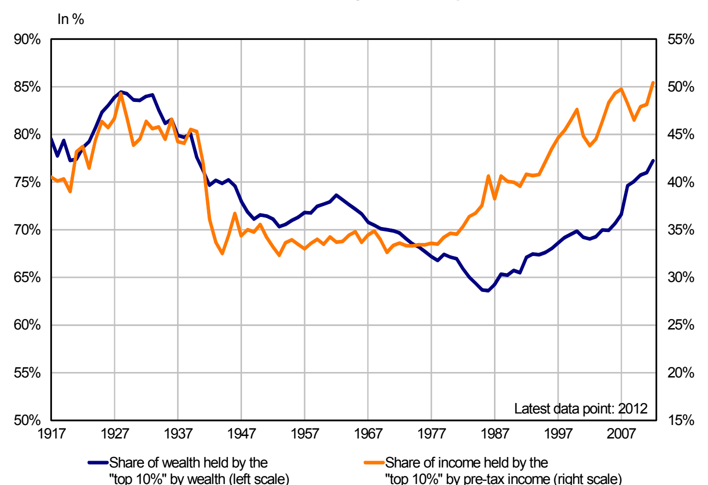
- Income and wealth inequalities in the U.S. have risen since the late 1970s, with only a temporary interruption by the 2007-2009 recession. At the same time, after being cut in half from the late 1950s to the beginning of the 2000s, the absolute poverty rate has increased significantly, and has now returned to the level of the mid-1960s. Finally, in sharp contrast to the traditional view of the American dream, social mobility in the U.S. has been among the lowest in the OECD countries for decades.

- Many explanations of the trend in inequalities, poverty and social mobility have been advanced, but not all represent a consensus view. Three main explanatory factors can be identified: (i) *the gradual transformation of the labour market* partly fuelled by technological development, which has led to growing polarisation between high-skilled, well-paid jobs and low-skilled, low-wage jobs; (ii) *the inability of the educational system to fully play its role in promoting upward mobility* and meet the private sector's growing need for skilled labour; and (iii) *the limited redistributive effect of the current tax and social transfer system*, which does little to correct income inequalities.

- While the impact of inequalities on economic growth continues to be debated, a growing number of studies show that inequality is a drag on growth. In particular, widening inequality constrains human capital accumulation by reducing the educational opportunities of a growing number of disadvantaged people. In addition, because poorer households have a greater propensity to consume than wealthier households, the rise in income inequalities restrain consumption expenditure in the long run. Greater inequalities had only a limited impact on the U.S. economy so far; the negative effects seem to have been masked in the 2000s by a strong increase in household debt. Tighter credit standards for lending to households since the onset of the crisis in 2007 should limit the risk of returning to unsustainable debt levels. The continued rise in inequalities could then begin to constrain growth, unless wages for the lowest-paid workers are raised, either by statutory hikes in state or federal minimum wages, or by individual companies.

- To counter the effects of increased poverty and inequalities, economists and international organisations recommend broad structural reforms, such as improved training for the unemployed or the reduction of tax breaks for the wealthy. Still, while American economists on the whole are concerned about the high level of poverty and low social mobility, they are more divided regarding inequalities.

United States: a rising trend of inequalities



Source: Congressional Budget Office, November 2014.

MINISTÈRE DES FINANCES ET DES COMPTES PUBLICS

MINISTÈRE DE L'ÉCONOMIE DE L'INDUSTRIE ET DU NUMÉRIQUE

1. Rising levels of inequality and poverty, and low social mobility compared with other countries, are fuelling Americans' social dissatisfaction

1.1 Since the late 1970s, the United States has experienced a trend increase in income and wealth inequalities

Pre-tax income inequalities measured by the Gini coefficient (box 1) increased by nearly 20% between 1979 and 2011[1] according to the Congressional Budget Office (CBO)[2], while wealth inequalities increased by just under 10% between 1983 and 2010[3], according to Edward Wolff[4]. This growth in inequalities is characterised mainly by the increasing concentration of income and wealth in the most affluent households. The highest centiles[5] (the "top 1%") for income and wealth respectively held 20% of total pre-tax income in 2013, and 42% of wealth in 2012 (Chart 1). The highest deciles[6] (the "top 10%") held 49% of income and 77% of total wealth, respectively[7], in those years.

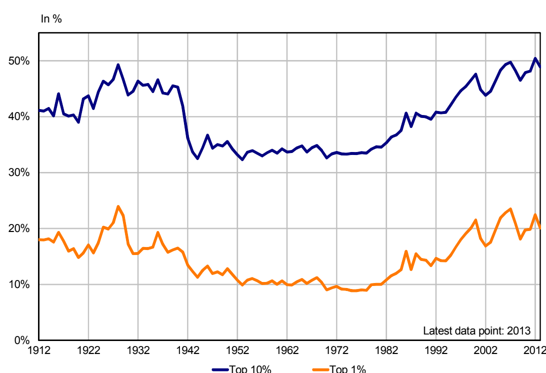
The growing concentration of income is explained first by the significant increase in the wages of the top 1% of earners between 1979 and 2011, which rose at an average rate of 3.5% a year in real terms-in stark contrast to the rest of the population, as real wages for U.S. workers increased on average by only 0.7% a year between 1979 and 2011 (Chart 2). Non-wage income (including income from capital) further amplified the income gap.

The rising trend in income inequalities since the 1970s was only temporarily halted by the 2007-2009 recession. The real pre-tax income of the top 1% fell significantly, by 36%, between 2007 and 2009[8], but the decline has since been reversed. In 2012, the top 1% had captured close to 91% of the income gains since the end of the recession, resuming the trend of widening income inequalities. The rapid rise in earnings by the top 1% was again temporarily interrupted in 2013, but the figures for the decline in pre-tax income in 2013 should not be over-interpreted, because part of the income that would otherwise have been received in 2013 was brought forward to 2012, before the tax increases took effect[9]. Wealth inequalities continued to rise during the recession; the share of wealth held by the top 10% increased from 72% in 2007 to 77% in 2012[10].

International comparisons show that inequalities are particularly large in the United States, and have been for decades. The U.S. is one of the lowest-ranked OECD countries for income inequalities (Chart 3), and even slipped one position in the ranking between 1985 and 2011.

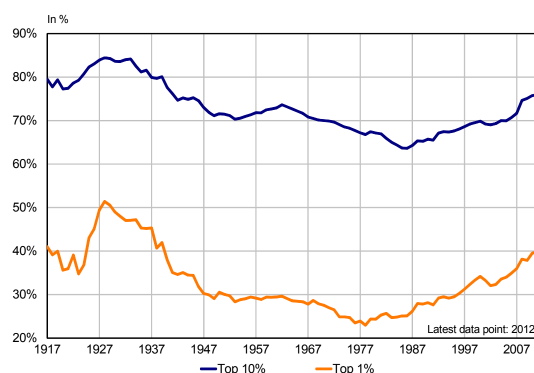
Chart 1: Share of income and share of wealth held by the top 1% and the top 10%

Share of pre-tax income held by the top 10% and the top 1%



Source: Database from work by E. Saez and T. Piketty (2014), UC Berkeley.

Share of wealth held by the top 10% and the top 1%



Source: Data from work by E. Saez and G. Zucman, (2014), "Wealth inequalities in the United States since 1913: evidence from capitalized income tax data", NBER.

(1) The Gini coefficient for pre-tax income in the United States rose from 0.40 in 1979 to 0.47 in 2011. The after-tax Gini coefficient underwent a similar increase during the period, from 0.36 to 0.44.

(2) CBO (2014), "The Distribution of Household Income and Federal Taxes, 2011".

(3) The Gini coefficient for wealth in the U.S. rose from 0.80 in 1983 to 0.87 in 2010.

(4) Wolff, E. (2012), "The Asset Price Meltdown and the Wealth of the Middle Class", *NBER working paper* 18559.

(5) The most affluent 1% of individuals in terms or income or wealth, depending on the context.

(6) The most affluent 10% of individuals in terms or income or wealth, depending on the context.

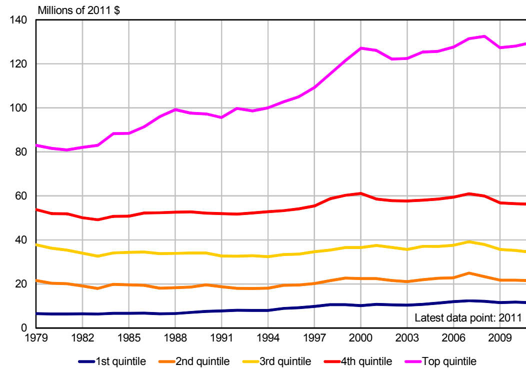
(7) T. Piketty's income data differ from the Congressional Budget Office (CBO) data, which do not include capital gains. According to the CBO calculations, the top 1% and the top 10% earned 15% and 37% of total pre-tax income in 2011, respectively, whereas Piketty calculated 20% and 48%. The actual degree of income concentration is thus subject to debate, depending on the definition of income used, but the finding of growing concentration of income in the richest households holds in all cases.

(8) Saez, E. (2015), "Striking it Richer: The Evolution of Top Incomes in the United States (Updated with 2013 preliminary estimates)", UC Berkeley.

(9) The top marginal tax rates on ordinary income, and on capital gains and dividends, were raised from 35 to 39.6%, and from 15 to 20%, respectively, following the so-called "fiscal cliff" agreement.

(10) Saez, E. and Zucman, G. (2014), "Wealth Inequalities in the United States since 1913: Evidence from Capitalized Income Tax Data", *NBER working paper* 20625.

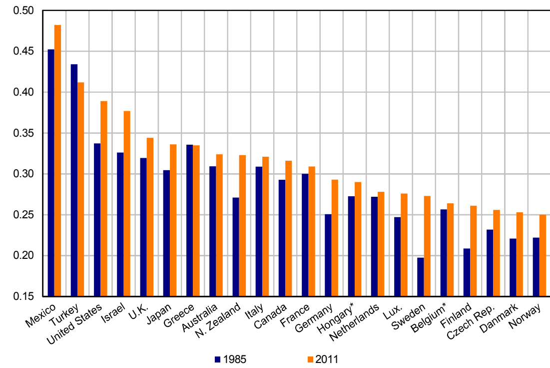
Chart 2: Average annual wages by pre-tax income quintile*



Source: CBO, DG Trésor calculations.

* The population is divided into five equal-sized groups by ascending order of pre-tax income; the first quintile has the fifth of the population with the lowest income and the top quintile the highest income.

Chart 3: Change in Gini coefficient for pre-tax income in OECD countries, 1985-2011



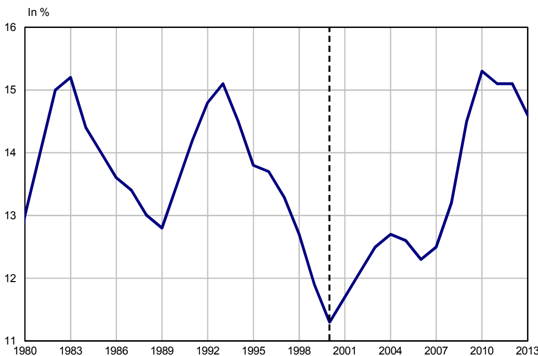
*Source: OECD, *2010 data.*

1.2 The trend increase in inequalities has been exacerbated by a rise in poverty since the early 2000s, which was intensified by the crisis

The U.S. Census Bureau defines the absolute poverty rate as the percentage of the population whose income is inadequate to provide what the Bureau considers to be a minimum living standard (Box 2). According to this measure, poverty has fluctuated between 11% and 15% of the population since the 1980s (Chart 4).

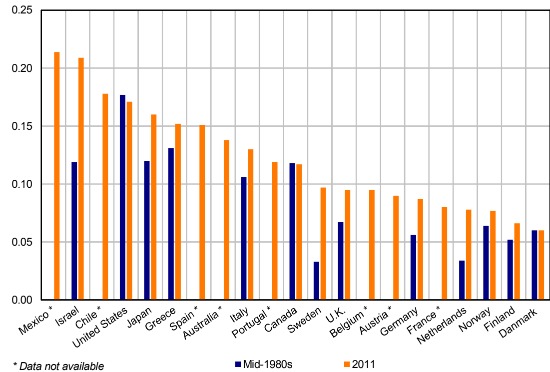
From the historical low point of 11.3% in 2000, the absolute poverty rate rose through the next ten years to peak at roughly 15% at the end of the decade. Despite the swift rebound by the U.S. economy, the poverty rate has not begun to fall significantly since then, reverting to a level close to that of the mid-1980s. In 2011, just as in the mid-1980s, the U.S. continued to have one of the highest poverty rates in the OECD (Chart 5).

Chart 4: Poverty rate in the United States since the 1980s



Source: Census Bureau.

Chart 5: Poverty rate in OECD countries between mid-1980s and 2011



Source: OECD.

Box 1: **Income inequalities and Gini coefficient**

The term "income inequalities" encompasses a variety of situations. While the word "inequality" refers unequivocally to differences within a population, different types of "income" can be taken into consideration, notably pre-tax and after-tax income.

- Pre-tax income is defined as labour income plus capital income, capital gains (i.e., net gains from sales of assets) and noncash benefits;
- After-tax income is pre-tax income less income tax.

These two measures of income result in slightly different views of inequality.

The Gini coefficient (also called Gini index or ratio) is a synthetic indicator of income inequalities ranging from 0 to 1. A measure of 0 indicates perfect equality, i.e., all incomes are equal; at the other extreme, a measure of 1 indicates a situation of perfect inequality, in which all the income goes to one person and everyone else has none. The higher the Gini coefficient, the greater the degree of inequality. A fall in the Gini coefficient between two dates indicates a reduction in inequality.

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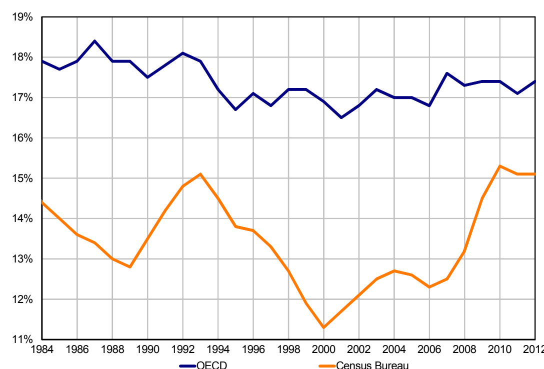
Box 2: **Measures of the poverty rate**

The federal government publishes **an *absolute* poverty threshold**, in nominal or real (i.e., inflation-adjusted) terms. The absolute poverty measure derives from the cost of a minimum food basket defined in 1963, **based on the size and age of the members of the household, multiplied by three, and adjusted for inflation.** In 2013, according to the Census Bureau, a household consisting of a single person under the age of 65 was below the poverty threshold if his or her money income before taxes, not counting noncash benefits, was below $12,119 (or $11,773 for a person over 65 years of age). A household of two adults under 65 without children was considered in poverty if its income was less than $15,600.

The federal government definition of absolute poverty contrasts with the relative-poverty approach preferred by the overwhelming majority of OECD countries, under which households are typically considered to be in poverty when their total income is 50% or 60% below the national median income.

OECD statistics allow for international comparisons of relative poverty levels and trends (Chart 6). The OECD relative poverty rate is far higher than the Census Bureau's absolute poverty rate, but appears to have increased much less than the latter in recent years.

Chart 6: Relative and absolute poverty rates measured by OECD and by Census Bureau



Source: OECD, Census Bureau.

1.3 Social mobility in the United States is estimated to be among the lowest in the OECD

A study of twelve OECD countries by M. Corak[11] estimated that only Italy and the U.K. had a lower degree of social mobility than the U.S. (table 1).

Cited in papers published by the Congressional Research Service (CRS[12]) and OECD[13], the study provides one of the few rankings of social mobility available at this time. The CRS also cites a study by Jantti et al.[14] that finds that social mobility in the U.S. is relatively lower for children whose parents are in the lowest income quintile; on the other hand, **the degree of social mobility for the three middle income quintiles is comparable to that in the other developed countries.** Social mobility in the U.S. has remained relatively stable-and relatively low-in recent decades. A January 2014 NBER working paper[15] concludes that those currently entering the labour market have just as much chance of moving up the earnings ladder, compared with their parents, as those who were born in the 1970s.

Low social mobility and growing inequalities are perceived with increasing clarity by U.S. households (box 3), who express a feeling of impoverishment and of loss of social status.

Table 1: Estimated degree of social mobility based on intergenerational elasticity of earnings

	Intergenerational elasticity of earnings*
Danmark	0.15
Norway	0.17
Finland	0.18
Canada	0.19
Australia	0.26
Sweden	0.27
Germany	0.32
Spain	0.40
France	0.41
United States	0.47
Italy	0.48
United Kingdom	0.50

* The intergenerational elasticity of earnings here reflects the correlation between an individual's income and his or her parent's earnings: the higher the value, the lower the degree of social mobility in the country.

Source: Corak M. 2006, "Chasing the same dream, climbing different ladder: Economic Mobility in the United States and Canada".

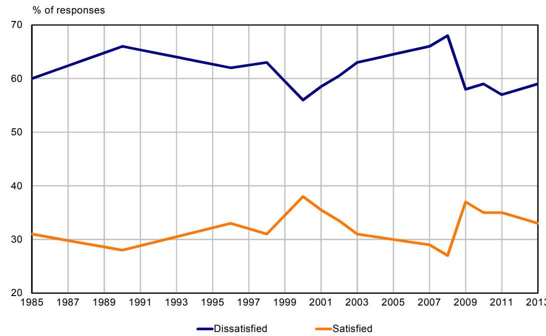
(11) See Corak, M. (2006), "Chasing the Same Dream, Climbing Different Ladders: Economic Mobility in the United States and Canada".
(12) CRS (2012), "The U.S. Income Distribution and Mobility: Trends and International Comparisons".
(13) OECD (2010), "Economic Policy Reforms: Going for Growth 2010".
(14) Jantti, M. et al. (2006), "American Exceptionalism in a New Light: A Comparison of Intergenerational Earnings Mobility in the Nordic Countries, the United Kingdom and the United States", Institute for the Study of Labor (ISA).
(15) Raj Chetty et al. (2014), "Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility", *NBER*.

Box 3: **Poll findings on the Americans' perceptions of rising inequalities and low social mobility**

A growing number of polls have investigated inequalities and social mobility. While the findings must be interpreted with caution, as results vary considerably with how survey questions are formulated, they appear to support the following four statements:

1. A large majority of Americans are dissatisfied with the way wealth and income are distributed, and consider the distribution to be unfair. This insatisfaction would have remained relatively stable for several decades[a] :

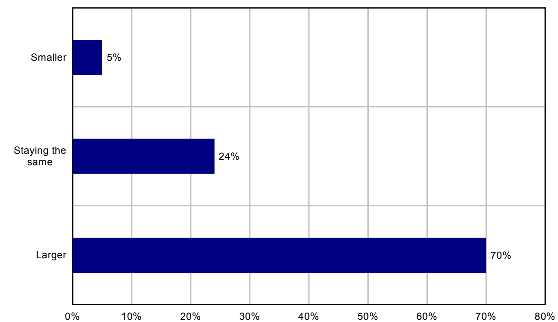
US: Are you satisfied with the distribution of income and with the wealth?



Source: Gallup.

2. Since the 2007-2009 recession, Americans think that inequalities have grown…:

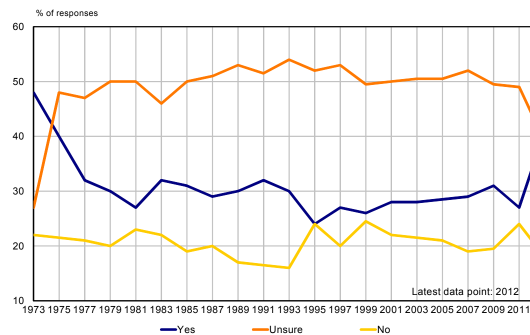
US : Gap between rich and poor is getting?



Source: CBS news (2014).

3. … but remain divided regarding the need for government intervention to promote greater redistribution of income and wealth:

US: Do you think the government should reduce income differences between the rich and poor?

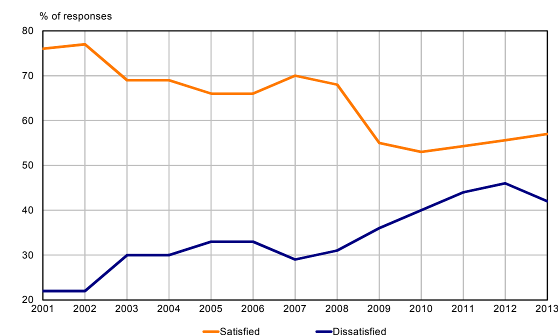


Source: National Opinion Reserarch center.

NB : The respondents had to choose a figure between 1 and 7, 1 involving that the government absolutely had to intervene and 7 corresponding to the inverse case. The respondents having attributed 3, 4 or 5 are considered as being uncertain.

4. A growing percentage of Americans clearly harbour doubts regarding the American Dream, especially since the crisis:

US: How satisfied are you with the opportunity for a person in this nation to get ahead by working hard?



Source: Gallup (2015).

a. In the first question discussed below, Gallup polls from 1984 through 2013 asked: "Do you feel that the distribution of money and wealth in this country is fair, or do you feel that the money and wealth in this country should be more evenly distributed among a larger percentage of the people?" Since 2014, the question has asked about satisfaction with the distribution of income and wealth. In answering the new question, 67% of respondents reported in 2014 and 2015 that they were dissatisfied.

2. These trends appear to stem from three main factors: labour market transformation, the inability of the educational system to fully play its role in promoting social mobility, and the limited redistributive effect of the tax and social transfer system

Numerous hypotheses have been advanced to explain growing U.S. income inequalities. Studies often identify three main factors.

2.1 The gradual transformation of the labour market since the early 1970s

Technological development[16] and financial sector expansion[17] have significantly benefitted the highest-skilled workers, as private sector demand for skilled labour has risen strongly since the 1970s.

This could be explained by the concurrent development of information and communication technologies, high-tech machines, and new production processes. Growing demand was not fully satisfied by the increase in the supply of skilled workers observed in the period. The excess demand, according to this argument, led to a substantial increase in the earnings of the highest-skilled workers relative to less-skilled workers. Other structural changes may have contributed, although to a lesser extent, to the increased wage dispersion-for example, deindustrialisation and the reduc-

(16) Acemoglu, D. (2003), "Technology and Inequality", *NBER*; Jaumotte, F., Loll, S. and Papageorgiou, C. (2013), "Rising Income Inequalities: Technology, or Trade and Financial Globalization?", IMF.

(17) Philippon, T. and Reshef, A. (2008), "Wages and Human Capital in the U.S. Financial Industry: 1909-2006".

tion in union membership,[18] the expansion of low-paying jobs in the service sector[19], greater competition to attract senior managers and corporate executives, and the introduction of performance-linked pay schemes. Nevertheless, there is greater debate regarding the size of the impact of such changes on wage inequalities.

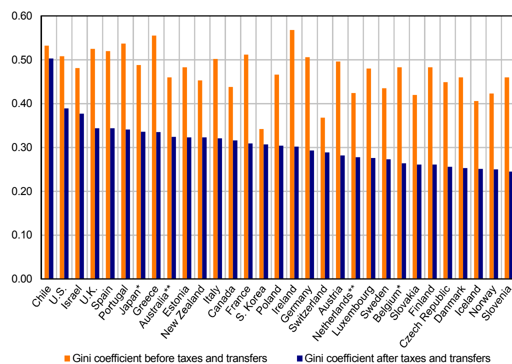
2.2 The educational system's inability to fully play its role in promoting upward mobility and satisfying private sector demand for skilled labour

Children of low-income families attend poorer-performing schools that often have less-qualified teachers. This is explained to a large extent by how schools are financed in the U.S. Nearly half of their funding (44%) is provided by local tax, which imposes de facto restrictions on school budgets in poorer districts. The effectiveness of individual states' measures to smooth out funding disparities appears to be limited. The U.S. is one of only three OECD countries that spend less on education for children from low-income families than for other children[20]. It is thus particularly difficult for these students to move on to higher education, which has become significantly more expensive since the early 1980s. In all, only 30% of students from the lowest income quartile begin college, and only 10% graduate, compared with 80% and 54%, respectively, for students from the highest quartile[21].

2.3 The relatively small impact of the U.S. tax and social transfer system on slowing the growth in income inequalities

The redistributive effect of the social protection system (measured by the difference between the Gini coefficients before and after taxes and social transfers) is far lower in the U.S. than the OECD average (Chart 7).

Chart 7: Redistributive effect of U.S. tax and social transfer system in 2011

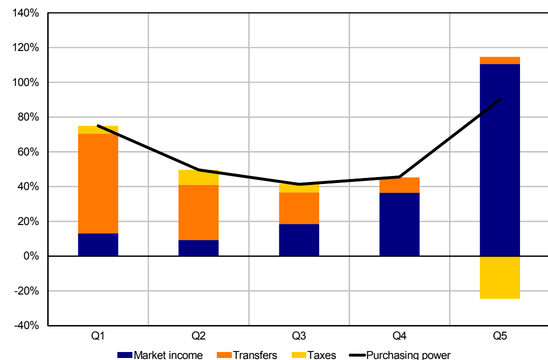


Source: OECD.

* 2010 for Belgiium and Japon. ** 2012 for Australia and the Netherlands.

The explanation is that social transfers as a share of GDP are lower in the U.S. than in most OECD countries. This has been the case since the mid-1980s[22], despite the increased volume of social transfers to the lowest income quintiles (Chart 8). Transfers, primarily through the Medicaid and Medicare programmes[23] set up in the mid-1960s, may have increased far faster than wages for the lowest-paid workers, but the U.S. redistribution rate still remains below the OECD average.

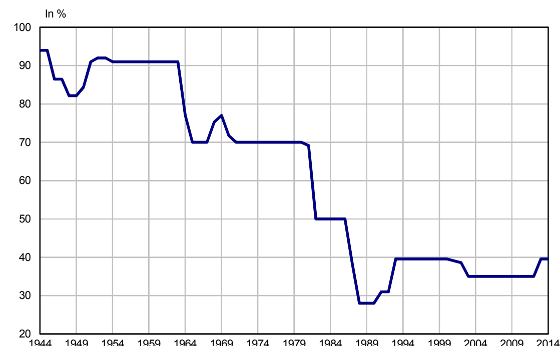
Chart 8: Change in purchasing power by quintile and contributions of components, 1981-2010



Source: CBO, DG Trésor calculations.

Regarding redistribution, while the tax system targets the lowest-income households better than many other OECD countries, via specific tax relief measures, redistribution has only a limited impact on inequalities. The progressivity of the tax system is lessened by a set of tax breaks that benefit mainly the highest-income groups, whose effective tax rate[24] can actually be very low-roughly 20% for the 400 most affluent taxpayers in 2009, or half the top-bracket marginal tax rate (Chart 9). The large reduction in the top-bracket marginal rate also contributed to increasing income inequalities.

Chart 9: Changes in the top-bracket marginal tax rate



Source: Tax Policy Center.

2.4 The wealthiest households, some argue, have growing influence over the political process

This influence has been criticised by economists such as Joseph Stiglitz and Paul Krugman, who point to **(i) large political donations by the rich, (ii) growing lobbying activities, and (iii) the low voter turnout rates in elections by the lowest-income groups.** Stiglitz reports that one-fourth of eligible voters-51 million Americans in all-

(18) OECD (2012), "Inequalities in Labour Income-What are its Drivers and How Can it Be Reduced?".
(19) Autor, D. H. and Dorn, D. (2013), "The Growth of Low-Skill Service Jobs and the Polarization of the U.S. Labor Market".
(20) Denk, O. et al. (2013), "Inequality and Poverty in the United States: Public Policies for Inclusive Growth", OECD.
(21) Bailey, M. J. and Dynarski, S. M. (2012), "Gains and Gaps: Changing Inequality in U.S. College Entry and Completion".
(22) OECD (2014), "United States: Tackling High Inequalities: Creating Opportunities for All".
(23) These systems are intended to provide medical services and products to the poor (Medicaid) and the elderly (Medicare). They contributed 60 points to the 80% increase between 1981 and 2010 in social transfers received by the lowest quintile. The share of Medicaid and Medicare in total transfers received by those households thus more than doubled in thirty years.
(24) The actual rate of tax on taxable income after deductions and exemptions.

are not even registered. The wealthiest also exercise their influence over the political process more directly, as a large percentage of lawmakers are themselves members of this population group. The Center for Responsive Politics reports that close to half the members of Congress have a net worth of over $1 million, excluding home equity[25]. **This argument is far from being a consensus view, and other economists remain unconvinced.** For Greg Mankiw, there is no tangible, systematic evidence that the influence of the wealthiest has grown since the late 1970s.

3. These changes do not appear to have adversely affected the U.S. economy so far, even if the surge in debt before the outbreak of the financial and economic crisis in 2007 may have helped conceal their negative economic impacts

3.1 The structural increase in inequalities could have been expected to be a drag on U.S. economic activity

Although the linkage between inequalities and growth continues to be debated, a large and growing number of academic studies tend to show that widening of inequalities slows growth. According to an OECD working paper, an increase in inequality by 3 Gini points-or the OECD average for the past twenty years-would translate into a reduction in growth of 0.35 percentage points a year over 25 years, or a cumulative loss of 8.5 percentage points of GDP at the end of the period[26]. Three theoretical explanations are generally advanced:

- First, inequalities may have a negative impact on human capital accumulation, the main determinant of long-term growth, by reducing the educational opportunities of the disadvantaged because of lower financial resources and worse-performing schools (§2.2 above).
- Second, because the poorest households have a greater propensity to consume than the richest households, inequalities could eventually weigh upon consumption and therefore on economic activity.
- Finally, inequalities increase the risks of business-cycle instability because the lowest-income households may be led to increase their debt, possibly to unsustainable levels as in the run-up to the 2007-2009 recession.

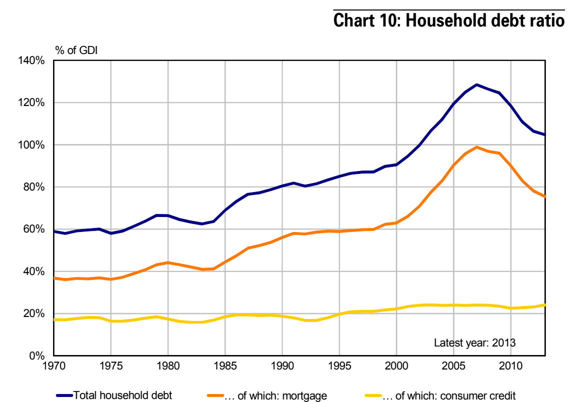
3.2 Paradoxically, household consumption grew strongly between 1980 and 2010

Between 1980 and 2010, the share of consumption in GDP rose from 62% to 68%, while the share of wages in GDP fell from 57% to 53%. This paradox is explained in part by higher social transfers to the poorest households (§2.3 above and Chart 7). Still, neither real market income nor households' real gross disposable income (GDI) rose as strongly as consumption.

3.3 The robust growth in consumption is largely attributable to the increase in household debt

On the one hand, consumer credit increased households' purchasing power. On the other hand, mortgage debt fuelled a boom in property prices, which in turn supported consumption through mortgage equity withdrawals[27] and the wealth effect. Household debt has accelerated since the 1970s, especially in the 1990s and 2000s (Chart 10), largely owing to financial deregulation and the emergence of new financial products. The financial and real-estate bubbles fuelled a substantial growth in the wealth of households, increasing their capacity to take on debt. Overvalued assets thus artificially inflated households' net worth, creating a misleading picture of their debt sustainability.

Chart 10: Household debt ratio



Source: BEA, Flows of Funds, DG Trésor calculations.

4. Reforms to counter the potentially negative effects of inequalities, poverty and low social mobility in the U.S. are a focus of debates among economists and international organisations

4.1 This analysis of the pre-crisis period raises questions concerning the current rebound in the U.S. economy in the absence of a renewed increase in debt

The financial crisis was followed by a major phase of household deleveraging, and no debt growth comparable to the pre-crisis period has been observed so far[28]. Accordingly, despite recent wage increases by major companies[29] and legislation to raise the minimum wage in some states[30], wage growth remains modest, and the increase in inequalities does not appear to have been interrupted since the crisis. In the absence of a generalised rise in wages, the sustainability of the rebound in U.S. economic activity could depend on renewed debt growth. Failure to raise the income of the

(25) The net worth figures calculated by the Center for Responsive Politics are based on the financial disclosures filed with the Senate Office of Public Records and the Office of the Clerk of the House.

(26) Cingano, F. (2014), "Trends in Income Inequalities and its Impact on Economic Growth", OECD.

(27) Or "equity extraction", whereby consumers can borrow against the real value of their home.

(28) There are two factors at work. (i) Household debt continues to rise at a lower rate than before the crisis, and the increase is driven primarily by consumer credit rather than by mortgage debt. (ii) Credit extension is now oriented more toward more-solvent households than before the crisis.

(29) Walmart, for instance, decided on 19 February 2014, to increase its minimum hourly wage from $7.50 to $9 starting in April 2015, and then to $10 in February 2016. This hike reportedly concerns 500,000 employees and will bring pay for all Walmart employees above the federal minimum wage, currently at $7.25.

(30) In the November 2014 mid-term elections, Arkansas, Alaska, Illinois, Nebraska and South Dakota voted to raise state minimum wages to levels ranging from $8.50 to $10, depending on the state.

poorest segment of the population, combined with their inability to take on debt, could have a negative impact on demand.[31]

Since the crisis, many economists and international organisations have recommended sweeping structural reforms to counter these negative effects and promote a more sustainable form of growth. A large proportion of American economists, including Krugman and Stiglitz, and international organisations such as the OECD and IMF, consider that the current level of inequalities and poverty, and the low social mobility, are having a negative impact on the U.S. economy. They recommend that the authorities take a series of measures to (i) ensure a more even distribution of labour income (raising the minimum wage, improving training for workers and the unemployed[32]), (ii) establish a higher-quality educational system (with state rather than local funding for schools, and improved qualifications of primary and secondary teachers), and (iii) increase redistribution by the federal government (reducing tax relief for the rich, offering greater tax breaks to the lowest-income categories, and raising taxes on wealth transfers).

4.2 Still, there is no consensus among economists regarding the scale of inequalities, their effects on the economy, and the measures that government should take

While American economists on the whole are concerned by the high level of poverty and low social mobility, they remain more divided regarding inequalities. Greg Mankiw and Martin Feldstein consider that wage inequalities reflect the imbalance between labour supply and demand, and that any measures should begin by seeking to improve the functioning of the labour market. They oppose attempts to increase in the redistributive effect of the tax and social transfer system, which, they claim, would fail to resolve the underlying causes of inequalities.

The most conservative economists consider that the increase in inequalities must be put into perspective, as (i) there is nothing to indicate that the very strong increase in the income of the top 1% has come at the expense of the middle class or the lowest-income households, even more so because (ii) the living standard of low-income U.S. households has improved on the whole since the late 1970s. Finally, there is a lack of incontrovertible empirical evidence regarding the negative impact of inequalities on short- or long-term growth, macroeconomic stability and social mobility, as noted by Jared Bernstein[33], a former chief economist to Vice President Biden.

Boris Guannel, Emmanuelle Masson et Werner Perdrizet

(31) Cynamon, B. Z. and Fazzari, S. M. (2014), "Inequality, the Great Recession and Slow Recovery".

(32) Despite rising long-term unemployment in the U.S., outlays for active labour market policies are low in comparison with other countries.

(33) Despite rising long-term unemployment in the U.S., outlays for active labour market policies are low in comparison with other countries.

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